

**AUDITED FINANCIAL STATEMENTS  
REQUIRED SUPPLEMENTAL INFORMATION  
OTHER FINANCIAL INFORMATION  
AND SUPPLEMENTAL REPORTS**

**TOWNSHIP OF WAKEFIELD  
WAKEFIELD, MICHIGAN  
GOGEBIC COUNTY**

**March 31, 2008**

# Auditing Procedures Report V1.04

[Reset Form](#)[Email](#)

Issued under Public Act 2 of 1968, as amended.

Unit Name	TOWNSHIP OF WAKEFIELD	County	GOGEBIC	Type	TOWNSHIP	MuniCode	27-1-050
Opinion Date-Use Calendar	Aug 22, 2008	Audit Submitted-Use Calendar		Fiscal Year-Use Drop List	2008		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/> 1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> 2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> 3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> 4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> 5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> 6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> 7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> 8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> 9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> 10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> 11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/> 12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> 13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/> 15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> 16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> 17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/> 18. Are there reported deficiencies? <input checked="" type="checkbox"/> 19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 189,786.00
General Fund Expenditure:	\$ 236,810.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	\$ 664,322.00
Governmental Activities Long-Term Debt (see instructions):	\$ 36,750.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	KARL	Last Name	AHONEN	Ten Digit License Number	1101025488				
CPA Street Address	301 N SUFFOLK ST	City	IRONWOOD	State	MI	Zip Code	49938	Telephone	+1 (906) 932-4430
CPA Firm Name	JOKI MAKELA & POLLACK	Unit's Street Address	PO BOX 191	City	WAKEFIELD	LU Zip	49968		

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**JOKI, MAKELA & POLLACK, P.L.L.C.**

CERTIFIED PUBLIC ACCOUNTANTS

301 N. SUFFOLK STREET

IRONWOOD, MICHIGAN 49938-2027

T. J. MAKELA, C.P.A.

W. J. JOKI, C.P.A.

A. R. POLLACK, C.P.A., C.S.E.P.  
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**INDEPENDENT AUDITOR'S REPORT**

Supervisor and Members of the Board  
Township of Wakefield  
Wakefield, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Township of Wakefield as of and for the year ended March 31, 2008, which collectively comprise the basic financial statements of Township of Wakefield, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and with the standards prescribed by the State Treasurer. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Township of Wakefield as of March 31, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 22, 2008, on our consideration of Township of Wakefield's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 6 through 13 and pages 40 and 41, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Wakefield's basic financial statements. The accompanying Other Financial Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, it is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Joti, Mahela & Pollack, PLLC*

Certified Public Accountants

Ironwood, Michigan  
August 22, 2008

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## TOWNSHIP OF WAKEFIELD

Year ended March 31, 2008

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### **Management's Discussion and Analysis**

This section of the Township of Wakefield's (Township) annual financial report presents our discussion and analysis of the Township's financial performance during the year ended March 31, 2008. It is to be read in conjunction with the Township's financial statements, which immediately follow. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) *Basic Financial Statements – and Managements Discussion and Analysis – for State and Local Governments*, as amended and interpreted, and is intended to provide the financial results for the fiscal year ending March 31, 2008.

### **Government-wide Financial Statements**

The Government-wide financial statements appear first in the financial report. These financial statements include the statement of net assets and the statement of activities. They report information about the Township as a whole. The statements are prepared using the accrual method of accounting which is the accounting used by most private sector businesses. The statement of net assets includes all of the Township's assets and liabilities except the fiduciary funds. All current year revenues and expenses are reported in the statement of activities. The two statements report the governmental and business-type activities of the Township that include all services performed by the Township. These activities are funded primarily by property taxes, charges for services and by federal and state grants.

The statement of net assets reports the Township's assets and liabilities. The corresponding balance between the assets and liabilities equals the net assets (deficit) of the Township. This statement measures the financial strength of the Township; the greater the net asset figure, the healthier the financial position of the Township generally is. It helps management determine if the Township will be able to fund current obligations and whether they have resources available for future use.

The statement of activities shows the current year change in net assets on a revenue less expense basis. It generally shows the operating results for a given year of the Township. Any excess of revenues over expenditures results in a surplus for the year that in turn increases the net assets (or reduces a deficit) available to fund future needs of the Township.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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### **Fund Financial Statements**

The Township's fund financial statements show a detail of funds that are determined to be significant, called major funds. The funds that are separately stated as major funds are the General Fund, Special Revenue Fund and Water Fund. The Capital Project fund is a nonmajor fund.

Governmental funds are accounted for by the modified accrual method of accounting (flow of current financial resources measurement focus). This method records revenues when all applicable eligibility requirements are met and resources are available to finance expenditures of the fiscal period. Expenditures are recorded when the related liability is incurred. The governmental fund financial statements show the detail of operations for a given year according to this method of accounting. This is similar to how the Township reported their finances in the past. The individual fund statements help management determine what financial resources are available on a short-term basis to fund operations.

Since the government-wide financial statements and the fund financial statements use different methods of accounting to report the Township's financial condition, a reconciliation is included in the financial statements showing the differences between the two types of statements.

Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail for major enterprise funds.

Fiduciary funds are reported in the fiduciary fund financial statement, but are excluded from the government-wide reporting. The fiduciary fund financial statement reports resources that are not available to fund Township programs. The fiduciary fund financial statement reports similarly to governmental funds. Fiduciary funds include the Trust and Agency Fund and the Tax Collection Fund.



# MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

## Government-wide Financial Statements – Condensed Financial Information

### Statement of Net Assets

The following are condensed statements of net assets with a detailed analysis of the statements below.

	<u>March 31, 2008</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 420,561	
Investments	273,956	
Receivables	15,260	\$ 148
Due from other funds	5,076	
Prepaid expenses	<u>1,553</u>	<u>          </u>
Total Current Assets	\$ 716,406	\$ 148
Noncurrent Assets -		
Capital assets, net of accumulated depreciation	<u>124,218</u>	<u>          </u>
Total Assets	<u>\$ 840,624</u>	<u>\$ 148</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 4,694	\$ 148
Due other funds	5,965	
Other current liabilities	5,000	
Current portion of long term liabilities	<u>3,000</u>	<u>          </u>
Total Current Liabilities	\$ 18,659	\$ 148
Long-term liabilities, net of current portion	<u>33,750</u>	<u>          </u>
Total Liabilities	<u>\$ 52,409</u>	<u>\$ 148</u>
<b>NET ASSETS</b>		
Investment in capital assets, net of related debt	\$ 87,468	
Unrestricted	<u>700,747</u>	<u>          </u>
Total Net Assets	<u>\$ 788,215</u>	<u>\$ 0</u>

# MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

## Government-wide Financial Statements – Condensed Financial Information (Continued)

### Statement of Net Assets (Continued)

	<u>March 31, 2007</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 334,042	\$ 20,134
Investments	71,988	
Receivables	15,260	20,500
Due from other funds	13,076	
Prepaid expenses	<u>1,553</u>	<u></u>
Total Current Assets	\$ 435,919	\$ 40,634
Noncurrent Assets:		
Due from other funds	\$ 27,000	
Capital assets, net of accumulated depreciation	<u>787,485</u>	<u>\$ 23,000</u>
	<u>\$ 814,485</u>	<u>\$ 23,000</u>
Total Assets	<u>\$ 1,250,404</u>	<u>\$ 63,634</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 2,957	\$ 7,034
Due other funds		8,000
Other current liabilities	13,040	
Current portion of long term liabilities	<u>14,779</u>	<u>287</u>
Total Current Liabilities	\$ 30,776	\$ 15,321
Long-term liabilities, net of current portion	<u>463,000</u>	<u>27,000</u>
Total Liabilities	<u>\$ 493,776</u>	<u>\$ 42,321</u>
<b>NET ASSETS</b>		
Investment in capital assets, net of related debt	\$ 307,424	\$ (12,000)
Unrestricted	<u>449,204</u>	<u>33,313</u>
Total Net Assets	<u>\$ 756,628</u>	<u>\$ 21,313</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Government-wide Financial Statements – Condensed Financial Information (Continued)

#### Statement of Net Assets (Continued)

The Township's total net assets are \$788,215 and \$777,941 at March 31, 2008 and 2007, respectively. Capital assets, net of related debt are \$124,218 and \$295,424 at March 31, 2008 and 2007, respectively. This figure is derived by taking the original cost of the Township's assets, subtracting accumulated depreciation to date and comparing this figure to the amount of long-term debt used to finance the acquisition of those assets.

The total unrestricted net assets are \$700,747 and \$482,517 as of March 31, 2008 and 2007, respectively. This is the net accumulated result of the current and past years' operations. The nature of the Township's operations is based on property taxes, charges for services, state aid, federal grants and local funds received to fund various programs. The balance in the unrestricted net assets shows that the Township has an ample amount of assets to fund liabilities.

The Water fund reports unrestricted net assets of \$0 and \$33,313 as of March 31, 2008 and 2007, respectively. During the year ended March 31, 2008, the Township entered into a franchise agreement with the Gogebic Range Water Authority to take over billing and operation of the Indianhead Water System.

#### Statement of Activities

The results of operations for the Township as a whole are reported in the statement of activities. The statements below report the changes in net assets for the fiscal year.

	<u>Year ended March 31, 2008</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Revenue:		
Program Revenues:		
Charges for services	\$ 5,908	\$ 55,972
Operating grants and contributions	670	
General Revenues:		
Property taxes	141,639	
State and federal grants	32,518	
Other	<u>19,602</u>	<u>286</u>
Total Revenue	\$ 200,337	\$ 56,258
Program expenses:		
Governmental activities	259,099	
Business-type activities		50,794
Transfers	3,778	(3,778)
Special items - gain (loss) on sale of fixed assets	<u>86,571</u>	<u>(22,999)</u>
Increase (Decrease) in Net Assets	<u>\$ 31,587</u>	<u>\$ (21,313)</u>

# MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

## Government-wide Financial Statements – Condensed Financial Information (Continued)

### Statement of Activities (Continued)

	<u>Year ended March 31, 2007</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Revenue:		
Program Revenues:		
Charges for services	\$ 4,731	\$ 73,478
Operating grants and contributions	291	
General Revenues:		
Property taxes	144,985	
State and federal grants	32,960	
Other	<u>6,231</u>	<u>385</u>
Total Revenue	\$ 189,198	\$ 73,863
Program expenses:		
Governmental activities	195,393	
Business-type activities		55,534
Transfers	6,958	(6,958)
Special items - land sale and donation	<u>(11,970)</u>	<u></u>
Increase (Decrease) in Net Assets	\$ <u>(11,207)</u>	\$ <u>11,371</u>

The Township had an overall increase in net assets of \$10,274 for the year ended March 31, 2008, consisting of an increase in governmental activities of \$31,587 and a decrease in business-type activities of \$21,313. The Township had an overall increase in net assets of \$164 for the year ended March 31, 2007, consisting of a decrease in governmental activities of \$11,207 and an increase in business-type activities of \$11,371. Depreciation expense of \$23,321 and \$25,245 was charged to governmental activities for the years ended March 31, 2008 and 2007, respectively.

The Township's total revenues were \$256,595 and \$263,061 for the years ended March 31, 2008 and 2007, respectively. The decrease in revenues was due to a reduction in Water Fund revenues resulting from the franchise agreement granted to the Gogebic Range Water Authority.

The Township's total cost to fund governmental activities was \$259,099, and business-type activities was \$50,794 for the year ended March 31, 2008. The Township's total cost to fund governmental activities was \$195,393, and business-type activities was \$55,534 for the year ended March 31, 2007. The Township decreased health care costs by \$11,400, spent \$52,000 on local roads and contributed \$4,750 towards the cost of a new fire truck. In addition, a planning commission was funded to comply with new statutes.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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### **Governmental Fund Budgetary Items**

During the year, the Township amended its original General Fund budget and Special Revenue Fund budget. A schedule showing the Township's original budget, final budget and the actual results are included as required supplementary information in the financial section of the audit report. The original Special Revenue Fund budget was adopted in a deficit situation but was later amended showing a surplus for the year.

### **Capital Assets**

At March 31, 2008, the Township had \$124,218 invested in capital assets, net of accumulated depreciation. Governmental activities reported a cost of \$634,058 at March 31, 2008 with accumulated depreciation of \$509,840. Governmental activities reported additions of \$1,461 for the purchase of a copier, subtractions of \$761,042 due to the sale of land and building in the renaissance zone and the write-down of land the Township traded in a prior year, and depreciation charges of \$23,321 during the current year. The business-type activities reported a disposal of the entire water distribution system due to the franchise agreement with the Gogebic Range Water Authority.

### **Debt**

The Township had \$36,750 of long-term liabilities at March 31, 2008 compared to \$477,779 of long-term liabilities at March 31, 2007. The reduction includes principal of \$14,779 paid on various notes payable related to economic development projects with the State of Michigan and other local non-profit and governmental agencies. In addition, the debt was reduced by \$426,250 due to the State of Michigan awarding job credits against the Township debt from the creation of jobs in the renaissance zone. The \$426,250 was included as proceeds on the sale of fixed assets in the governmental activities. Detail of the notes can be found in Note F to the financial statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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### **Comments and Future Considerations**

The Township has adopted a balanced budget for the upcoming fiscal year that should not over expend its funding and leave the Township with a healthy Fund Balance. The Township is in compliance with the State Treasurers Chart of Accounts.

The Township Board believes by granting the franchise for the Water Utility to the Gogebic Range Water Authority and the sale of the speculation building in the Planter Road renaissance zone, the Township has alleviated the two biggest concerns confronting the Township over the past few years.

The Township expects the infrastructure loan from the Michigan Economic Development Commission will be closed in the upcoming year due to the creation of 14 qualifying jobs. The Township has removed any debt associated with the loan from their books as of March 31, 2008 in anticipation of the closing and granting of job credits.

The Township has recently completed a remodeling and weatherization of the Township hall. This should reduce future expenditures due to savings on operating efficiency of the building.

### **Contacting the Township**

If you have any questions about this report or need additional information, contact the Township offices at Township of Wakefield, P.O. Box 164, Wakefield, MI 49968; telephone number (906) 224-8551 or our website at [www.wakefieldtownship.com](http://www.wakefieldtownship.com).

BASIC  
FINANCIAL  
STATEMENTS

STATEMENT OF NET ASSETS  
TOWNSHIP OF WAKEFIELD, MICHIGAN

March 31, 2008

	Governmental Activities	Business-Type Activities
ASSETS		
Current Assets:		
Cash	\$ 420,561	
Investments	273,956	
Receivables:		
Delinquent property taxes	15,260	
Accounts		\$ 148
Due from other funds	5,076	
Prepaid expenses	<u>1,553</u>	
Total Current Assets	\$ 716,406	\$ 148
Noncurrent Assets -		
Capital assets, net of accumulated depreciation	<u>124,218</u>	
Total Assets	<u>\$ 840,624</u>	<u>\$ 148</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 4,694	\$ 148
Accrued wages and payroll taxes	5,965	
Deferred revenue	5,000	
Current portion of loans payable	<u>3,000</u>	
Total Current Liabilities	\$ 18,659	\$ 148
Long-term liabilities -		
Loans payable, less current portion	<u>\$ 33,750</u>	
Total Liabilities	<u>\$ 52,409</u>	<u>\$ 148</u>
NET ASSETS		
Invested in capital assets, net of related debt	\$ 87,468	
Unrestricted	<u>700,747</u>	
Total Net Assets	<u>\$ 788,215</u>	<u>\$ 0</u>

The accompanying notes are an integral part of the financial statements.



STATEMENT  
TOWNSHIP OF  
Year ended

		<u>Program Revenues</u>	
	Expenses	Charges for Services	Operating Grants and Contributions
Governmental activities:			
Legislative	\$ 11,778		
General government	78,055	\$ 3,500	\$ 670
Public safety	12,150	2,408	
Community and economic development	26,101		
Public works	101,026		
Parks and recreation	3,690		
Other functions	25,138		
Depreciation - unallocated	<u>1,161</u>		
Total Governmental Activities	\$ 259,099	\$ 5,908	\$ 670
Business-type activities - Water fund	<u>50,794</u>	<u>55,972</u>	
Total	<u>\$ 309,893</u>	<u>\$ 61,880</u>	<u>\$ 670</u>

General revenues:

    Taxes  
    State and federal grants  
    Interest and rents  
Transfers - net

Total General Revenues and Transfers

Special items -

    Gain (loss) on sale of fixed assets

Change in Net Assets

Net assets at April 1, 2007

Net assets at March 31, 2008

The accompanying notes are an integral part of the  
financial statements.

OF ACTIVITIES

WAKEFIELD, MICHIGAN

March 31, 2008

<u>Net (Expense) Revenue and</u> <u>Changes in Net Assets</u>		
Governmental Activities	Business-type Activities	Total
\$ (11,778)		\$ (11,778)
(73,885)		(73,885)
(9,742)		(9,742)
(26,101)		(26,101)
(101,026)		(101,026)
(3,690)		(3,690)
(25,138)		(25,138)
<u>(1,161)</u>		<u>(1,161)</u>
\$ (252,521)		\$ (252,521)
	\$ 5,178	5,178
\$ (252,521)	\$ 5,178	\$ (247,343)
\$ 141,639		\$ 141,639
32,518		32,518
19,602	\$ 286	19,888
<u>3,778</u>	<u>(3,778)</u>	
\$ 197,537	\$ (3,492)	\$ 194,045
\$ 86,571	\$ (22,999)	\$ 63,572
\$ 31,587	\$ (21,313)	\$ 257,617
<u>756,628</u>	<u>21,313</u>	<u>777,941</u>
<u>\$ 788,215</u>	<u>\$ 0</u>	<u>\$ 788,215</u>

## BALANCE SHEET - GOVERNMENTAL FUNDS

## TOWNSHIP OF WAKEFIELD, MICHIGAN

March 31, 2008

	General	Special Revenue	Nonmajor Capital Project	Totals Governmental Funds
ASSETS				
Cash	\$ 379,136	\$ 41,425		\$ 420,561
Investments	273,956			273,956
Delinquent property taxes receivable	15,260			15,260
Due from other funds	5,076			5,076
Prepaid expenses	<u>1,553</u>			<u>1,553</u>
	<u>\$ 674,981</u>	<u>\$ 41,425</u>	<u>\$ 0</u>	<u>\$ 716,406</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$ 4,694			\$ 4,694
Accrued wages and payroll taxes	5,965			5,965
Deferred revenue		<u>\$ 5,000</u>		<u>5,000</u>
Total Liabilities	\$ 10,659	\$ 5,000		\$ 15,659
Fund equity:				
Fund balances:				
Reserved for prepaid expenses	\$ 1,553			\$ 1,553
Designated by board:				
Road repairs	100,000			100,000
Town hall building	100,000			100,000
Economic development	85,000			85,000
Unreserved	<u>377,769</u>	<u>\$ 36,425</u>		<u>414,194</u>
Total Fund Equity	<u>\$ 664,322</u>	<u>\$ 36,425</u>	<u>\$ 0</u>	<u>\$ 700,747</u>
	<u>\$ 674,981</u>	<u>\$ 41,425</u>	<u>\$ 0</u>	<u>\$ 716,406</u>

The accompanying notes are an integral part of the  
financial statements

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
WITH THE STATEMENT OF NET ASSETS  
TOWNSHIP OF WAKEFIELD, MICHIGAN  
March 31, 2008

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Total fund equity of governmental activities \$ 700,747

Amounts reported for governmental activities in the statement of net assets are different because:

Additions:

Capital assets used in governmental activities are not financial resources and  
therefore are not reported as assets in governmental funds.

Cost of capital assets	\$ 634,058	
Accumulated depreciation	<u>(509,840)</u>	124,218

Reductions:

Long-term liabilities are not due and payable in the current period and therefore  
not reported as liabilities in the funds.

Note payable to Michigan Jobs Commission		<u>(36,750)</u>
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Total net assets of governmental activities \$ 788,215

The accompanying notes are an integral part of the  
financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS

TOWNSHIP OF WAKEFIELD, MICHIGAN

Year ended March 31, 2008

	General	Special Revenue	Nonmajor Capital Project	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 141,639			\$ 141,639
Licenses and permits	2,408			2,408
Federal grants	5,698			5,698
State grants	26,820			26,820
Charges for services	3,500			3,500
Interest and rents	9,051	\$ 10,551		19,602
Other revenues	<u>670</u>			<u>670</u>
<b>TOTAL REVENUES</b>	<b>\$ 189,786</b>	<b>\$ 10,551</b>	<b>\$ 0</b>	<b>\$ 200,337</b>
<b>Expenditures:</b>				
Current:				
Legislative	\$ 11,778			\$ 11,778
General government	78,055			78,055
Public safety	12,150			12,150
Community and economic development	3,512	\$ 205		3,717
Public works	101,026			101,026
Parks and recreation	3,690			3,690
Other	25,138			25,138
Capital outlay	1,461			1,461
Debt service:				
Principal		14,779		14,779
Interest		<u>2,506</u>		<u>2,506</u>
<b>TOTAL EXPENDITURES</b>	<b>\$ 236,810</b>	<b>\$ 17,490</b>	<b>\$ 0</b>	<b>\$ 254,300</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (47,024)</b>	<b>\$ (6,939)</b>	<b>\$ 0</b>	<b>\$ (53,963)</b>
<b>OTHER FINANCING SOURCES</b>				
Operating transfer in	\$ 10,778	\$ 18,131		\$ 28,909
Proceeds from sale of building	<u>284,814</u>	<u>16,914</u>		<u>301,728</u>
	<b>\$ 295,592</b>	<b>\$ 35,045</b>		<b>\$ 330,637</b>
<b>OTHER FINANCING USES - operating transfer out</b>	<b><u>(7,000)</u></b>		<b><u>(18,131)</u></b>	<b><u>(25,131)</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 241,568</b>	<b>\$ 28,106</b>	<b>\$ (18,131)</b>	<b>\$ 251,543</b>
Fund balance at April 1, 2007	<u>422,754</u>	<u>8,319</u>	<u>18,131</u>	<u>449,204</u>
<b>FUND BALANCE AT MARCH 31, 2008</b>	<b><u>\$ 664,322</u></b>	<b><u>\$ 36,425</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 700,747</u></b>

The accompanying notes are an integral part of the financial statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES WITH THE STATEMENT OF ACTIVITIES

TOWNSHIP OF WAKEFIELD, MICHIGAN

March 31, 2008

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Total net change in fund balances - governmental funds	\$ 251,543
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or construct capital assets are reported as expenditures in governmental funds. For governmental activities, those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation exceeds capital outlays in the period.

Capital outlays	\$ 1,461	
Depreciation expense	<u>(23,321)</u>	(21,860)

Repayment of loan principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not effect the statement of activities.	14,779
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Interest on long-term liabilities in the statement of activities is recorded as an expense as the interest is incurred. In the governmental funds, interest is recorded as an expenditure in the funds when it is paid. Interest recorded in the statement of activities is less due to the payment of accrued interest from prior years.	2,282
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Proceeds from the sale of assets is recorded as an other financing source in the year of sale for governmental funds. In the statement of activities, the difference between the sales proceeds and the net book value of the asset sold is recorded as a gain or loss.	<u>(215,157)</u>
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Change in net assets of governmental activities	<u>\$ 31,587</u>
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The accompanying notes are an integral part of the financial statements.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -  
 PROPRIETARY FUND - WATER FUND

TOWNSHIP OF WAKEFIELD, MICHIGAN

Year ended March 31, 2008

<hr/>			
Operating revenue:			
Charges for services:			
Water sales		\$	43,124
Garbage collection			<u>12,848</u>
		\$	55,972
Operating expenses:			
Water purchases	\$	19,150	
Repairs and maintenance		3,700	
GRWA contributions		14,084	
Utilities		<u>8,821</u>	45,755
Administrative expenses:			
Salary and wages	\$	603	
Office supplies		410	
Professional fees		2,883	
Dues and fees		<u>625</u>	<u>4,521</u>
			\$ <u>50,276</u>
	OPERATING INCOME	\$	5,696
Nonoperating revenue - interest earned			286
Nonoperating expenses:			
Debt service - interest	\$	(518)	
Loss on disposal of fixed assets		<u>(22,999)</u>	<u>(23,517)</u>
	LOSS BEFORE OPERATING TRANSFERS	\$	(17,535)
Operating transfers:			
Out to other funds			(10,778)
In from other funds			<u>7,000</u>
	CHANGE IN NET ASSETS	\$	(21,313)
Net assets at April 1, 2007			<u>21,313</u>
	NET ASSETS AT MARCH 31, 2008	\$	<u>0</u>

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH FLOWS - PROPRIETARY FUND -  
WATER FUND

TOWNSHIP OF WAKEFIELD, MICHIGAN

Year ended March 31, 2008

Cash flows from operating activities:		
Cash received from customers	\$	76,324
Cash paid to suppliers and employees for goods and services		<u>(57,449)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$	18,875
Cash flows from investing activities -		
Proceeds from sale of utility plant		1
Cash flows from noncapital financing activities:		
Operating transfers to other fund	\$	(10,778)
Repayment of advance from other fund		(28,000)
Interest paid on advance from other fund		<u>(518)</u>
NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	\$	(39,296)
Cash flows from investing activities - interest earned		<u>286</u>
	NET DECREASE IN CASH	\$ (20,134)
Cash at April 1, 2007		<u>20,134</u>
	CASH AT MARCH 31, 2008	<u>\$ 0</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income	\$	5,696
Adjustment to reconcile operating income to net cash provided by (used in) operating activities:		
Decrease in customer accounts receivable	\$	20,352
(Decrease) in:		
Accounts payable		(6,886)
Accrued wages and payroll taxes		<u>(287)</u>
		<u>13,179</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$	<u>18,875</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION -		
Cash payments for interest	\$	518
SUPPLEMENTAL SCHEDULE ON NONCASH ACTIVITIES -		
Operating transfer from other fund to relieve interfund payable	\$	7,000

The accompanying notes are an integral part of the financial statements.



STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUND

TOWNSHIP OF WAKEFIELD, MICHIGAN

March 31, 2008

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ASSET	
Cash in bank	<u>\$ 61,069</u>
LIABILITIES	
Due General Fund	\$ 5,076
Due Federal government	41
Due State of Michigan	37,331
Due Gogebic County	12,613
Due to schools	<u>6,008</u>
	<u>\$ 61,069</u>

The accompanying notes are an integral part  
of the financial statements.

NOTES  
TO  
FINANCIAL  
STATEMENTS

NOTES TO FINANCIAL STATEMENTS  
TOWNSHIP OF WAKEFIELD, MICHIGAN

March 31, 2008

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Township of Wakefield operates under an elected Board of Trustees. The financial statements of the Township have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial-reporting principles. The more significant of the Township's accounting policies are described below.

Financial Reporting Entity

In conformity with generally accepted accounting principles, other autonomously operated governmental organizations are not considered to be part of the Township financial-reporting entity. The criteria established for determining the various governmental organizations to be included as component units in the Township's financial statements include oversight responsibility, scope of public service and special financing relationships.

On this basis, the financial statements of the local school district are not included as a component unit in the financial statements of the Township. Educational services are provided to citizens through the local school district, which is a separate governmental entity.

Basis of Presentation

Government-wide Financial Statements

The Township government-wide financial statements (Statement of Net Assets and Statement of Activities) report information on all of the activities of the Township except for the fiduciary activities. The Township General Fund, Special Revenue Fund and Capital Project Fund are considered to be governmental activities and its enterprise fund a business-type activity. Interfund activity including operating transfers between activities has been eliminated in the Government-wide financial statements, except for operating transfers between governmental activities and business-type activities.

Fund-based Financial Statements

Separate financial statements are provided on the basis of funds, each of which is considered a separate fiscal and accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Governmental, business-type and fiduciary funds are provided. The various fund types are grouped in the financial statements as major funds or nonmajor funds. The Township reports the General Fund, Special Revenue Fund and Water Fund as major funds. The Capital Project Fund is a nonmajor fund.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Basis of Presentation (Continued)

#### Fund-based Financial Statements (Continued)

##### Governmental Fund Types

General Fund – The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. The fund includes the general operating expenditures of the Township. Revenues are derived primarily from property taxes, state and federal grants and various local sources.

Special Revenue Fund - is used by the Township to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The Township has one special revenue fund which is used to account for financial resources from the lease and sale of a building the Township constructed with grant and local funding located in a renaissance zone of the Township as established by the State of Michigan.

Capital Project Fund – is used to account for financial resources to be used for a building and infrastructure improvements in the renaissance zone funded by a Community Development Block Grant through the Michigan Economic Development Corporation including the local match required.

##### Proprietary Fund Type

These funds account for operations that are organized to be self-supporting through user charges and include the Water Fund.

Water Fund - is used to account for operations that provide water services, in a manner similar to private business enterprises, where the intent of the Township is that the expenses of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. The Township also uses the fund for billing and collection of a garbage collection fee. The garbage collection fee is transferred to the General Fund.

##### Fiduciary Fund Type

Agency Funds - are used to account for assets held by the Township in a trustee capacity or as an agent for other governments and/or other funds. These include the Trust and

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Basis of Presentation (Continued)

##### Fund-based Financial Statements (Continued)

##### Fiduciary Fund Type (Continued)

Agency and Tax Collection funds. These funds are custodial in nature and do not involve measurement of results of operations.

#### Basis of Accounting

##### Government-wide Financial Statements

The Government-wide financial statements report all financial and capital assets, short and long-term liabilities, revenues, expenses, gains and losses using the economic resources measurement focus and the accrual basis of accounting. All revenue is recorded when earned and expenses are recorded when a liability is incurred.

The Statement of Activities reports net cost information based on the Township's functions. Direct expenses are listed by function with program revenues for each function offset against those expenses. Program revenues include charges for services that are fees and other charges to the users or recipients of the services the Township provides. Program revenues also include operating grants and contributions that are restricted for a particular purpose. Property taxes, nonrestricted state and federal aid and other revenues that are not program revenues are reported as general revenues.

##### Fund-based Financial Statements

Governmental fund types and Agency Funds use the modified accrual basis of accounting and the flow of expendable financial resources (measurement focus). Under the modified accrual basis of accounting, revenues are recorded when all applicable eligibility requirements are met and resources are available (often referred to as "susceptible to accrual"). Revenues are available when revenues are collectible during the period and the actual collection will occur either (a) during the current period or (b) after the end of the period but in time to pay fund liabilities. The Township considers revenues to be available if they are expected to be collected within 60 days of the end of the year. Grants, entitlements and shared revenues are recorded when they are susceptible to accrual. Expenditure-based grants are recorded as revenue when all applicable eligibility requirements of the grants are met and resources are available. Expenditures, if measurable, are recorded when they have used or are expected to use current expendable financial resources, except unmatured interest on general long-term debt is recorded when due.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Basis of Accounting (Continued)

##### Fund-based Financial Statements (Continued)

Proprietary fund types use the accrual basis of accounting and the flow of all economic resources (measurement focus). This basis of accounting and measurement focus emphasizes the measurement of net income similar to the approach used by commercial enterprises; revenues are recorded when earned and expenses are recorded when incurred. Under this basis of accounting and measurement focus, the Township applies (a) all GASB pronouncements and (b) FASB Statements and Interpretations, APB Opinions and Accounts Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

#### Budgets and the Budgetary Process

The Township Board adopts an annual operating budget, which can be amended by the Board throughout the year. Formal budgetary accounting is employed as a management control for all funds of the Township. Legal budgets are adopted for the General Fund and Special Revenue Fund. The budgets are adopted on the same basis of accounting as is used to reflect actual revenues and expenditures.

At the fund level, actual expenditures cannot exceed budgeted appropriations; however, with proper approval by the Township Board, budgetary transfers between departments can be made. The budgeted financial statements represented in this report reflect the final budget authorization and all budget amendments approved by the Board during the year. Budgets are adopted on the functional level and lapse at the end of the year.

#### Investments

Investments include certificates of deposit in local financial institutions with maturity dates greater than 90 days and are stated at fair market value, which is equal to cost.

#### Receivables

Credit is extended to the State of Michigan, local governmental units and customers of the Water Fund. All receivables are reported at their gross values. No allowance for uncollectible accounts is included in the financial statements as all receivables are deemed to be collectible at March 31, 2008.

#### Due To and Due From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Investment in Capital Assets, Net of Related Debt

This is a portion of net assets of the Township that consists of capital assets, net of accumulated depreciation and reduced by long-term liabilities for notes, bonds and other debt attributable to the acquisition, construction or improvement of those assets.

#### Restricted Net Assets

Net assets are restricted when there are constraints placed on their use by external parties or by statute. The Township had no restricted net assets at March 31, 2008.

#### Unrestricted Net Assets

Net assets not meeting either criteria above are considered unrestricted.

#### Capital Assets and Depreciation

Capital assets include land and improvements, buildings, furniture and fixtures and equipment and are reported in the Government-wide financial statements. Capital assets are defined by the Township as assets with an acquisition cost of generally more than \$5,000 or betterments totaling \$10,000 with an estimated useful life in excess of five years. Assets meeting this criteria are recorded at historical cost or estimated historical costs if the amount is not known. Any donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure assets are not included in capital assets. The costs of capital assets are charged to expense using an annual allocation of depreciation expense. Taking the depreciable cost of an asset and dividing that cost by its estimated useful life calculates the annual expense. The expense is recorded on the Government-wide Statement of Activities and included as a direct expense of an identifiable function if the assets sole purpose can be identified as being for that function. Depreciation expense (unallocated) is the amount of depreciation expense that cannot be charged to any particular function.

The capital assets are depreciated using the straight-line method over the following useful lives:

Land	Not depreciated
Buildings and improvements	30-50 years
Office furniture, fixtures and equipment	5-20 years

#### Long-Term Liabilities

The Township reports the financing proceeds of infrastructure improvements as provided by the Community Development Block Grant program through the State of Michigan and a loan payable to a non-profit corporation in the government-wide financial statements as liabilities of the governmental activities.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Fund Equity

The unreserved fund equity for governmental funds represent the amount available for budgeting future operations. The reserved fund equity for governmental funds represents amounts reserved for specific purposes. The designated fund equity for governmental funds represents amounts designated for specific purposes by the Township Board.

#### Property Tax Revenues

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 of the ensuing year with the final collection date of February 28 before they are added to the delinquent rolls. The Township records property taxes as revenue as collections are made; when monies are available for use to finance Township operations. Delinquent real property taxes of the Township and all other local units are purchased annually by the County.

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### Public Act 621 of 1978 Disclosures

Public Act 621 of 1978 requires local units of government to prepare and to monitor their fiscal year budgets in accordance therewith. The Act provides that a Township must amend its budget if it becomes apparent that the Township's actual revenues will deviate from those budgeted, or if the Township's expenditures will exceed the amounts appropriated. During the year ended March 31, 2008, the Township was in substantial compliance with the Act except the original Special Revenue Fund budget was adopted in a deficit situation but was later amended to comply with the Act.



## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE C - CASH AND INVESTMENTS

All deposits were made either in banks insured by federal depository insurance or in a local credit union insured by the national credit union administration. Deposits were made in accordance with State of Michigan statutes and under authorization of the Township Board.

At March 31, 2008, total cash and investments as reported by banks and credit union amounted to \$766,009. \$476,025 was covered by depository insurance, and \$289,984 exceeded coverage limits.

### NOTE D - PROPERTY TAXES

A summary of the 2007 tax roll follows:

	<u>Mills</u>	<u>Levy</u>	<u>Taxes Returned Delinquent</u>	<u>Net Tax Collections</u>
Intermediate School District	3.2973	\$ 87,919	\$ 9,423	\$ 78,496
County	12.9790	299,648	30,297	269,351
State Education Tax	6.0000	148,081	5,023	143,058
School	20.1452	436,733	13,475	423,258
Township	<u>4.4300</u>	<u>118,345</u>	<u>15,260</u>	<u>103,085</u>
TOTALS	<u>46.8515</u>	<u>\$ 1,090,726</u>	<u>\$ 73,478</u>	<u>\$ 1,017,248</u>
Taxable valuation:				
Homestead				\$ 3,764,399
Non-homestead				22,083,028
Renaissance zone				<u>1,004,744</u>
				<u>\$ 26,852,171</u>

Costs incurred for administrative costs in assessing and collecting property taxes exceeded receipts from charging the property tax administrative fee.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE E – CAPITAL ASSETS

Following is a summary of changes in capital assets during the year ended March 31, 2008:

	Balance at April 1, <u>2007</u>	<u>Additions</u>	<u>Disposals</u>	Balance at March 31, <u>2008</u>
<u>Governmental Activities</u>				
Assets:				
Land	\$ 122,248		\$ 44,792	\$ 77,456
Buildings and improvements	1,243,620		716,250	527,370
Office furniture, fixtures and equipment	<u>27,771</u>	<u>\$ 1,461</u>		<u>29,232</u>
	\$1,393,639	\$ 1,461	\$ 761,042	\$ 634,058
Less accumulated depreciation	<u>606,154</u>	<u>23,321</u>	<u>119,635</u>	<u>509,840</u>
Net	\$ 787,485	\$ (21,860)	\$ 641,407	\$ 124,218
<u>Business-type Activities</u>				
Water Fund:				
Water distribution system	\$ 712,000		\$ 712,000	\$ 0
Less accumulated depreciation	<u>689,000</u>		<u>689,000</u>	
Net	<u>\$ 23,000</u>	<u>\$ 0</u>	<u>\$ 23,000</u>	<u>\$ 0</u>
<b>TOTAL GOVERNMENT</b>	<u><b>\$ 810,485</b></u>	<u><b>\$ (21,860)</b></u>	<u><b>\$ 664,407</b></u>	<u><b>\$ 124,218</b></u>

Depreciation expense of \$22,160 is charged to economic development activities and \$1,161 is unallocated.

### NOTE F – LONG-TERM LIABILITIES

The loan from Michigan Job Commission, Community Development Block Grant (CDBG) funds, dated June 1998 for infrastructure improvements and building in a Renaissance Zone Industrial Park, bears an interest rate of zero percent and requires quarterly payments of \$750 beginning on September 1, 2005. The loan period is 15 years with final payment scheduled for June 1, 2020. Four payments totaling \$3,000 were paid as required during the year ended March 31, 2008. All future principal payments will be made by the General Fund or Special Revenue Fund.

The loan from Michigan Strategic Fund, CDBG Funds, dated August 2002 for additional infrastructure improvements and building in a Renaissance Zone Industrial Park was forgiven by the State of Michigan during the year ended March 31, 2008. Job credits were earned from the creation of qualifying new jobs from companies located in the Renaissance Zone Industrial Park. The original term of the project was from August 1, 2002 to July 31, 2007, with a one-year extension granted by the State of Michigan to July 31, 2008.

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## NOTE F – LONG-TERM LIABILITIES (CONTINUED)

The loan from Forward Wakefield, dated January 2003 to provide local matching dollars for the latest Renaissance Zone Industrial Park building was paid off during the year ended March 31, 2008. Principal payments of \$11,779 and interest totaling \$2,506 were made on this loan during the year ended March 31, 2008.

The Township commitments under these loans are further explained in Note L to the financial statements.

Following is a summary of changes in long-term liabilities during the year ended March 31, 2008:

	Balance at April 1, <u>2007</u>	<u>Additions</u>	<u>Reductions</u>	Balance at March 31, <u>2008</u>	<u>Current portion</u>
Loan from Michigan Job Commission	\$ 39,750		\$ 3,000	\$ 36,750	\$ 3,000
Loan from Michigan Strategic Fund	426,250		426,250		
Loan from Forward Wakefield	<u>11,779</u>	<u>          </u>	<u>11,779</u>	<u>          </u>	<u>          </u>
	<u>\$ 477,779</u>	<u>\$ 0</u>	<u>\$441,029</u>	<u>\$ 36,750</u>	<u>\$ 3,000</u>

The aggregate amounts of long-term debt principal and interest maturities for the five years ending March 31, 2013, and in five-year increments after until maturity are:

2009	\$ 3,000
2010	3,000
2011	3,000
2012	3,000
2013	3,000
2014-2018	15,000
2019-2022	6,750

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### NOTE G - INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The amounts of interfund receivables and payables at March 31, 2008, were as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	\$ <u>5,076</u>	Tax Collection	\$ <u>5,076</u>

The Water Fund transferred \$10,778 of garbage collection fees to the General Fund during the year ended March 31, 2008. The Capital Project Fund transferred \$18,131 to the Special Revenue Fund for debt service expenditures. The General Fund transferred \$7,000 to the Water Fund to relieve the Water Fund of a deficit after disposal of the system.

### NOTE H – FUND BALANCE RESERVES AND DESIGNATIONS

The General Fund, fund balance at March 31, 2008, included a reserve for prepaid expenses of \$1,553.

The Board has designated \$100,000 for road repairs, \$100,000 for town hall building improvements and \$85,000 for economic development of the General Fund, fund balance.

### NOTE I – STATE CONSTRUCTION CODE ACT INFORMATION

During the year ended March 31, 2008, the Township collected construction code service fees of \$1,500 and spent over this amount collected for enforcing the code. Because the fee structure is not intended to recover the full cost of enforcement and the Township has the ability to track the full costs and revenues, a separate fund has not been created to account for these monies.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE J - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Township has one enterprise fund which provides a water supply system to a portion of the Township's residential and commercial customers. Segment information not reported on in the financial statements for the year ended March 31, 2008, follows:

	<u>Water Supply</u>
Restricted donations and operating grants	\$ 0
Operating transfers in	7,000
Operating transfers (out)	(10,778)
Tax revenues	0
Current capital contributions	0
Utility plant:	
Additions	0
Deletions	712,000
Net working capital	0
Long-term debt - payable from operating revenues (including portion payable within one year)	0

### NOTE K - RISK MANAGEMENT

The Township is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has obtained coverage from commercial insurance companies. The Township has comprehensive general liability coverage of \$1,000,000 per occurrence and a \$3,000,000 aggregate limit, with no deductible amount.

All risk management activities are accounted for in the General Fund and Water Fund of the Township. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

Management estimates that the amount of actual or potential claims against the Township as of March 31, 2008, will not materially affect the financial condition of the Township. Therefore, the financial statements contain no provision for estimated claims. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### NOTE L – COMMITMENTS

#### 1998 Agreement

On June 1, 1998, the Township and Gogebic County entered into a \$450,000 economic development financing agreement (the agreement) with the State of Michigan. The agreement provided 50 percent of the monies needed to develop property (the project) in a State designated Renaissance Zone in the Township. The agreement was initially funded with a \$450,000 Community Development Block Grant administered by the Michigan Jobs Commission. The remaining 50 percent was provided by the Lac Vieux Desert Band of Chippewa Indians.

The State offset monies it advanced under the agreement via application of a formula that provided for a \$20,000 reduction for each qualifying new job created, subject to a minimum repayment of 10% of the total financing agreement, or \$45,000. The \$45,000 became a liability of both the Township and Gogebic County on May 31, 2005. See Note F for detail of the repayment terms. The Township and Gogebic County have each pledged all payments they are eligible to receive under 1971 PA 140 as collateral for the loan. The Township has committed to reimbursing the County for any County liability incurred.

#### Gogebic Range Solid Waste Management Authority

The Township has entered into a contract with the Gogebic Range Solid Waste Management Authority and the City of Wakefield, whereby the Township has agreed to pay 4.3% of the principal and interest due on \$100,000 of debt outstanding as of June 30, 2002. The principal payments are payable as follows:

2002 through 2005, inclusive	\$10,000
2006 through 2009, inclusive	\$15,000

An actual amortization schedule was unavailable for disclosure purposes. The Authority has applied for and was approved for a loan amount of \$476,000 through USDA-RDA. The loan proceeds will be used to retire the outstanding debt plus fund facility and equipment improvements. The Township has pledged its limited tax full faith and credit for prompt and timely payment of its share of obligation outstanding (not less than 4.3% nor more than 4.6%).

It is anticipated that the Authority will establish rates to meet their current and future operation and debt retirement expenditures. The Township has not participated in the past ten years in meeting the Authority obligations.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### NOTE M – TAX TRIBUNAL CASES

The Township is involved in a pending Michigan Tax Tribunal case. The case pertains to a claim regarding assessment of personal property within the Township. Currently, this case is not set for trial and the parties are discussing settlement. The Township cannot make an evaluation regarding the likelihood of an unfavorable outcome but an estimate of the amount of potential loss ranges from \$0-\$35,000. No liability has been recorded in the financial statements as a result of this matter.

### NOTE N – FRANCHISE AGREEMENT

On May 10, 2007, the Township Board granted a franchise, for the sum of \$1, of the water utility system to the Gogebic Range Water Authority effective July 1, 2007. The franchise gives the Gogebic Range Water Authority the rights to construct, operate and maintain a water supply and distribution system within the Township. The initial term of the franchise is 30 years with the option to renew for additional ten-year periods. The Township transferred all assets of the water system to the Gogebic Range Water Authority by the year ended March 31, 2008.

REQUIRED  
SUPPLEMENTAL  
INFORMATION



# BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

## TOWNSHIP OF WAKEFIELD, MICHIGAN

Year ended March 31, 2008

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 145,731	\$ 145,731	\$ 141,639
Licenses and permits	1,500	1,500	2,408
Federal grants	7,274	7,274	5,698
State grants	28,343	28,343	26,820
Charges for services	3,500	3,500	3,500
Interest and rents	4,300	4,300	9,051
Other revenues	<u>220</u>	<u>220</u>	<u>670</u>
TOTAL REVENUES	\$ 190,868	\$ 190,868	\$ 189,786
Expenditures:			
Current:			
Legislative	\$ 9,966	\$ 10,166	\$ 11,778
General government	74,588	81,357	78,055
Public safety	12,150	12,150	12,150
Community and economic development	5,750	5,450	3,512
Public works	112,600	112,600	101,026
Parks and recreation	3,692	3,692	3,690
Other functions	33,973	34,404	25,138
Capital outlay	<u>1,000</u>	<u>1,000</u>	<u>1,461</u>
TOTAL EXPENDITURES	\$ 253,719	\$ 260,819	\$ 236,810
(DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (62,851)	\$ (69,951)	\$ (47,024)
OTHER FINANCING SOURCES			
Operating transfer in	\$ 13,600		\$ 10,778
Proceeds from sale of land	<u></u>	<u>\$ 284,814</u>	<u>284,814</u>
	\$ 13,600	\$ 284,814	\$ 295,592
OTHER FINANCING USES - transfer out	<u></u>	<u>(12,254)</u>	<u>(7,000)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES	\$ (49,251)	\$ 202,609	\$ 241,568
Fund balance at April 1, 2007	<u>422,754</u>	<u>422,754</u>	<u>422,754</u>
FUND BALANCE AT MARCH 31, 2008	<u>\$ 373,503</u>	<u>\$ 625,363</u>	<u>\$ 664,322</u>

The accompanying notes are an integral part of the financial statements.

# BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND

## TOWNSHIP OF WAKEFIELD, MICHIGAN

Year ended March 31, 2008

	Original Budget	Final Budget	Actual
Revenues:			
Interest and rents		\$ 10,255	\$ 10,551
Other revenues			
TOTAL REVENUES	\$ 0	\$ 10,255	\$ 10,551
Expenditures:			
Current - economic development	\$ 1,500	\$ 1,000	\$ 205
Debt service:			
Principal	\$ 14,779	\$ 14,779	\$ 14,779
Interest	<u>6,221</u>	<u>6,221</u>	<u>2,506</u>
TOTAL EXPENDITURES	<u>\$ 22,500</u>	<u>\$ 22,000</u>	<u>\$ 17,490</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	\$ (22,500)	\$ (11,745)	\$ (6,939)
Other financing sources:			
Operating transfers in			\$ 18,131
Proceeds from sale of building		<u>\$ 16,912</u>	<u>16,914</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>\$ (22,500)</u>	<u>\$ 16,912</u>	<u>\$ 35,045</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	\$ (22,500)	\$ 5,167	\$ 28,106
Fund balance at April 1, 2007	<u>8,319</u>	<u>8,319</u>	<u>8,319</u>
FUND BALANCE (DEFICIT) AT MARCH 31, 2008	<u>\$ (36,681)</u>	<u>\$ 13,486</u>	<u>\$ 36,425</u>

The accompanying notes are an integral part of the financial statements.

OTHER  
FINANCIAL  
INFORMATION

STATEMENT OF REVENUES - ESTIMATED AND ACTUAL - GENERAL FUND

TOWNSHIP OF WAKEFIELD, MICHIGAN

Year ended March 31, 2008

	Estimated Revenue	Actual Revenue	Variance Favorable (Unfavorable)
Taxes:			
Current property taxes	\$ 122,786	\$ 118,345	\$ (4,441)
Delinquent property taxes		237	237
Payment in lieu of tax		1,075	1,075
Commercial forest reserve	9,945	9,119	(826)
Swamp tax	2,000	2,087	87
Property tax administrative fee	<u>11,000</u>	<u>10,776</u>	<u>(224)</u>
	\$ 145,731	\$ 141,639	\$ (4,092)
Licenses and permits	1,500	2,408	908
Federal grant - National Forest	7,274	5,698	(1,576)
State grants:			
State revenue sharing	\$ 24,946	\$ 25,189	\$ 243
Metro Authority - P.A. 48 of 2002	<u>3,397</u>	<u>1,631</u>	<u>(1,766)</u>
	\$ 28,343	\$ 26,820	\$ (1,523)
Charges for services - summer tax collection	3,500	3,500	
Interest and rents:			
Interest earned	\$ 4,200	\$ 8,881	\$ 4,681
Rents	<u>100</u>	<u>170</u>	<u>70</u>
	\$ 4,300	\$ 9,051	\$ 4,751
Miscellaneous revenues	<u>220</u>	<u>670</u>	<u>450</u>
TOTAL REVENUES	<u>\$ 190,868</u>	<u>\$ 189,786</u>	<u>\$ (1,082)</u>

The accompanying notes are an integral part of the financial statements.

STATEMENT OF EXPENDITURES AND COMPARISON WITH BUDGET - GENERAL FUND

TOWNSHIP OF WAKEFIELD, MICHIGAN

Year ended March 31, 2008

	Expenditures		Variance
	Budget	Actual	Favorable (Unfavorable)
<b>LEGISLATIVE</b>			
Township Board:			
Salaries	\$ 3,566	\$ 3,606	\$ (40)
Per diem	2,000	2,160	(160)
Office supplies	700	908	(208)
Auto expense	400	334	66
Printing and publications	300	167	133
Miscellaneous	200	364	(164)
Dues and memberships	500	1,014	(514)
Education	200	225	(25)
Assessments	1,300	2,140	(840)
Contributions	<u>1,000</u>	<u>860</u>	<u>140</u>
TOTAL LEGISLATIVE	\$ 10,166	\$ 11,778	\$ (1,612)
<b>GENERAL GOVERNMENT</b>			
Supervisor:			
Salary	\$ 8,800	\$ 8,800	
Per diem	600	480	\$ 120
Office supplies	200	192	8
Auto expense	150	123	27
Education	100	150	(50)
Miscellaneous	<u>50</u>	<u>72</u>	<u>(22)</u>
	\$ 9,900	\$ 9,817	\$ 83
Election:			
Salaries	\$ 2,450	\$ 901	\$ 1,549
Office supplies	565	560	5
Auto expense	15	14	1
Printing and publications	100	66	34
Miscellaneous	<u>100</u>	<u>113</u>	<u>(13)</u>
	\$ 3,230	\$ 1,654	\$ 1,576
Attorney - contracted services	2,834	3,052	(218)
Assessor:			
Office supplies	\$ 790	\$ 841	\$ (51)
Contracted services	<u>8,269</u>	<u>8,218</u>	<u>51</u>
	\$ 9,059	\$ 9,059	\$ 0

STATEMENT OF EXPENDITURES AND COMPARISON WITH BUDGET -  
GENERAL FUND (CONTINUED)

	<u>Expenditures</u>		Variance
	Budget	Actual	Favorable (Unfavorable)
GENERAL GOVERNMENT (CONTINUED)			
Clerk:			
Salary	\$ 11,697	\$ 11,697	
Per diem	960	964	\$ (4)
Deputy salary	500	508	(8)
Office supplies	1,000	747	253
Professional fees	3,050	3,000	50
Auto expense	100	331	(231)
Education	1,500	1,641	(141)
Miscellaneous	<u>100</u>	<u>180</u>	<u>(80)</u>
	\$ 18,907	\$ 19,068	\$ (161)
Board of review:			
Salaries	\$ 1,300	\$ 835	\$ 465
Office supplies	50	10	40
Auto expense	50		50
Education	100		100
Miscellaneous	<u>100</u>	<u>78</u>	<u>22</u>
	\$ 1,600	\$ 923	\$ 677
Treasurer:			
Salaries	\$ 11,697	\$ 11,697	
Per diem	500	360	\$ 140
Deputy salary	500		500
Office supplies	2,000	2,184	(184)
Auto expense	50	106	(56)
Printing and publishing	4,495	5,187	(692)
Education	200	55	145
Miscellaneous	<u>250</u>	<u>221</u>	<u>29</u>
	\$ 19,692	\$ 19,810	\$ (118)
Town hall and property:			
Salaries	\$ 1,800	\$ 1,950	\$ (150)
Per diem	200	130	70
Supplies	100	323	(223)
Auto expense			
Heating fuel	4,000	3,915	85
Contracted services	1,500	765	735
Public utilities	1,835	1,914	(79)
Repairs and maintenance	2,000	1,111	889
Miscellaneous	<u>150</u>	<u>14</u>	<u>136</u>
	\$ 11,585	\$ 10,122	\$ 1,463

STATEMENT OF EXPENDITURES AND COMPARISON WITH BUDGET -  
GENERAL FUND (CONTINUED)

	<u>Expenditures</u>		Variance
	Budget	Actual	Favorable (Unfavorable)
GENERAL GOVERNMENT (CONTINUED)			
Cemetery - contracted services	<u>4,550</u>	<u>4,550</u>	
TOTAL GENERAL GOVERNMENT	\$ 81,357	\$ 78,055	\$ 3,302
PUBLIC SAFETY:			
Fire protection - contracted services	\$ 7,400	7,400	
Contribution	<u>4,750</u>	<u>4,750</u>	
	\$ 12,150	\$ 12,150	\$ 0
COMMUNITY AND ECONOMIC DEVELOPMENT			
Planning commission:			
Salaries			
Per diem	\$ 1,000	\$ 255	\$ 745
Supplies	250	680	(430)
Auto expense	50	17	33
Printing and publishing	200		200
Miscellaneous	50		50
Education	<u>100</u>		<u>100</u>
	\$ 1,650	\$ 952	\$ 698
Zoning board:			
Salaries	\$ 500	\$ 435	\$ 65
Supplies	100		100
Contracted services - inspections	2,500	1,689	811
Auto expense	300	333	(33)
Printing and publishing	200		200
Education	<u>200</u>	<u>103</u>	<u>97</u>
	\$ 3,800	\$ 2,560	\$ 1,240
TOTAL COMMUNITY AND ECONOMIC DEVELOPMENT	\$ 5,450	\$ 3,512	\$ 1,938

STATEMENT OF EXPENDITURES AND COMPARISON WITH BUDGET -  
GENERAL FUND (CONTINUED)

	<u>Expenditures</u>		Variance
	Budget	Actual	Favorable (Unfavorable)
<b>PUBLIC WORKS</b>			
Highways and streets - construction and maintenance	\$ 61,000	\$ 52,720	\$ 8,280
Street lighting	17,000	14,072	2,928
Solid waste collections:			
Supplies	\$ 3,600	\$ 4,234	\$ (634)
Contracted services	<u>31,000</u>	<u>30,000</u>	<u>1,000</u>
	<u>\$ 34,600</u>	<u>\$ 34,234</u>	<u>\$ 366</u>
<b>TOTAL PUBLIC WORKS</b>	<b>\$ 112,600</b>	<b>\$ 101,026</b>	<b>\$ 11,574</b>
<b>PARKS AND RECREATION</b>			
Parks - contracted services	\$ 1,422	\$ 1,420	\$ 2
Library - contracted services	<u>2,270</u>	<u>2,270</u>	
<b>TOTAL PARKS AND RECREATION</b>	<b>\$ 3,692</b>	<b>\$ 3,690</b>	<b>\$ 2</b>
<b>OTHER FUNCTIONS</b>			
Veterans council	\$ 300	\$ 250	\$ 50
Property and liability insurance	5,828	4,772	1,056
Medical expense reimbursements	21,251	14,117	7,134
Life insurance	887	648	239
Payroll taxes	5,000	4,669	331
Workers compensation	<u>1,138</u>	<u>682</u>	<u>456</u>
<b>TOTAL OTHER FUNCTIONS</b>	<b>\$ 34,404</b>	<b>\$ 25,138</b>	<b>\$ 9,266</b>
<b>CAPITAL OUTLAY - townhall and property</b>	<b><u>1,000</u></b>	<b><u>1,461</u></b>	<b><u>(461)</u></b>
<b>TOTAL EXPENDITURES</b>	<b><u>\$ 260,819</u></b>	<b><u>\$ 236,810</u></b>	<b><u>\$ 12,433</u></b>

The accompanying notes are an integral part of the  
financial statements.



# COMBINING BALANCE SHEETS - FIDUCIARY FUNDS

## TOWNSHIP OF WAKEFIELD, MICHIGAN

Year ended March 31, 2008

	Trust and Agency Fund	Tax Collection Fund	Totals
ASSETS			
Cash	\$ 568	\$ 60,501	\$ 61,069
LIABILITIES			
Liabilities:			
Due General Fund		\$ 5,076	\$ 5,076
Due Federal government	\$ 41		41
Due State of Michigan	527	36,804	37,331
Due Gogebic County		12,613	12,613
Due to schools		6,008	6,008
	\$ 568	\$ 60,501	\$ 61,069

The accompanying notes are an integral part of the financial statements

## STATEMENT OF CHANGES IN ASSETS

TOWNSHIP OF

Year ended

	Trust and Agency			
	Balance at April 1, 2007	Additions	Deductions	Balance at March 31, 2008
ASSETS				
Cash	<u>\$ 489</u>	<u>\$ 15,242</u>	<u>\$ 15,163</u>	<u>\$ 568</u>
LIABILITIES				
Liabilities:				
Due General Fund				
Due Federal government	\$ 44	\$ 13,193	\$ 13,196	\$ 41
Due State of Michigan	445	2,049	1,967	527
Due Gogebic County				
Due to schools				
Due to others				
	<u>\$ 489</u>	<u>\$ 15,242</u>	<u>\$ 15,163</u>	<u>\$ 568</u>

The accompanying notes are an integral part of the financial statements.

# AND LIABILITIES - FIDUCIARY FUNDS

## WAKEFIELD, MICHIGAN

March 31, 2008

Tax Collection Fund			
Balance at April 1, 2007	Additions	Deductions	Balance at March 31, 2008
<u>\$ 53,212</u>	<u>\$ 1,246,266</u>	<u>\$ 1,238,977</u>	<u>\$ 60,501</u>
\$ 5,076	\$ 182,617	\$ 182,617	\$ 5,076
31,817	36,965	31,978	36,804
10,692	520,966	519,045	12,613
5,627	502,033	501,652	6,008
	<u>3,685</u>	<u>3,685</u>	
<u>\$ 53,212</u>	<u>\$ 1,246,266</u>	<u>\$ 1,238,977</u>	<u>\$ 60,501</u>

SUPPLEMENTAL  
REPORTS

**JOKI, MAKELA & POLLACK, P.L.L.C.**

CERTIFIED PUBLIC ACCOUNTANTS

301 N. SUFFOLK STREET

IRONWOOD, MICHIGAN 49938-2027

T. J. MAKELA, C.P.A.

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A. R. POLLACK, C.P.A., C.S.E.P.

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**REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

Supervisor and Members of the Board  
Township of Wakefield  
Wakefield, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Township of Wakefield as of and for the year ended March 31, 2008, which collectively comprise the Township of Wakefield's basic financial statements and have issued our report thereon dated August 22, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and with the standards prescribed by the State Treasurer.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Township of Wakefield's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose or expressing an opinion on the effectiveness of the Township of Wakefield's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of Wakefield's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township of Wakefield's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Township of Wakefield's financial statements that is more than inconsequential will not be prevented or detected by the Township of Wakefield's internal control. We consider the deficiencies described in the

accompanying schedule of findings and questioned costs as items 08-1 and 08-2 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township of Wakefield's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described in the Schedule of Findings is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Township of Wakefield's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Township of Wakefield's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Township of Wakefield's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Township Board, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Joki, Makela & Pollack, PLLC*

Certified Public Accountants

Ironwood, Michigan  
August 22, 2008

SCHEDULE OF FINDINGS  
TOWNSHIP OF WAKEFIELD  
Year ended March 31, 2008

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SIGNIFICANT DEFICIENCIES

(08-1) Auditor Proposed Journal Entries

As part of the audit process there were various journal entries proposed of material amounts. The need to propose material entries during the audit process could lead to the interim financial information not being accurate for the decision making process.

The effects of this should be minimal as the entries were complex and dealt with the granting of the franchise agreement and disposal of the Township Water Fund. Management wanted to review the information with the auditor prior to making any adjustments.

We recommend the Township continue to discuss complex accounting issues with their auditors prior to making any financial statement adjustments.

The Township agrees and will continue to consult with their auditor on accounting issues.

(08-2) Ability to Prepare Financial Statements and Related Note Disclosures

Like entities of similar size, the Township uses the assistance of the auditor to draft the financial statements and related note disclosures.

We recommend the Township officials remain involved in the financial reporting process by providing oversight and independent review functions.

Following the Township's adopted budget priorities, the Township will continue to focus its efforts on continuing education for the Supervisor, Treasurer and Clerk. We will keep the funding level for education and training the same, but focus more in the financial preparation area than in the past. Trustees will seek out training to better understand the financial statements and the training funds will be at levels similar to the past. In addition, the Township will continue to seek the auditor's assistance when necessary on procedural questions and drafting of financial statements and disclosures.